



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 4/21/2006

GAIN Report Number: AS6024

Australia

Agricultural Situation

Ag DownUnder Vol 6

2006

Approved by:

Kathleen Wainio, Agricultural Counselor
U.S. Embassy

Prepared by:

Kathleen Wainio, Agricultural Counselor

Report Highlights:

- PRIME MINISTER HOWARD ACCUSES AUSTRALIAN WHEAT BOARD (AWB) OF DECEIVING GOVERNMENT, U.N.
- DISCUSSION PAPER PROPOSES RADICAL CHANGES TO SINGLE DESK
- CYCLONE REDUCES AUSTRALIAN SUGAR PRODUCTION
- NEW PROTOCOLS OPEN DOORS FOR EXPORTS TO CHINA
- KIWIFRUIT, CITRUS, TABLE GRAPE EXPORTS TO TAIWAN SET TO RESUME
- JOIN THE USA PAVILION AT FINE FOOD 2006, MELBOURNE, SEPTEMBER 11-14
- STRONG GROWTH PROJECTED IN SALTY SNACKS, MEAT SNACKS, BREAKFAST CEREALS

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1]
[AS]

PRIME MINISTER HOWARD ACCUSES AUSTRALIAN WHEAT BOARD (AWB) OF DECEIVING GOVERNMENT, U.N.

Prime Minister (PM) John Howard said during an April 19 radio interview that the AWB deceived the Federal government over the Iraq oil-for-food kickbacks, "I believe that it is a pattern of behavior of AWB, that not only set out to deceive the Government but also set out to deceive the United Nations and indeed many other people and many other organizations," the PM said. PM Howard, Foreign Minister Alexander Downer and Trade Minister and Deputy Prime Minister Mark Vaile all gave evidence to the Cole inquiry last week that they were unaware of the bribes. (The Australian Financial Review, April 19, 2006; Farm Online Daily News, April 20, 2006)

DISCUSSION PAPER PROPOSES RADICAL CHANGES TO SINGLE DESK

A controversial discussion paper on the future of the single desk wheat export marketing system over the next four years was presented at Grains Week 2006 in Canberra on April 5. The paper, commissioned by the Grains Council of Australia (GCA), proposes that the AWB lose its power of veto to a grower-owned and controlled company, 'Australian Wheat Associates.' The company would replace the Wheat Export Authority (WEA) and would have the ability to issue licenses to secondary exporters. The company would also have the responsibility to market and promote Australian wheat. GCA said the paper does not yet represent GCA policy, but is the beginning of a national consultation process as the industry awaits the conclusion of the Cole Inquiry into the conduct of the AWB under the U.N. Oil-for-Food Program. The final report of the Cole Commission is expected by June 30, 2006. (For further information see GAIN Report AS 6022)

CYCLONE REDUCES AUSTRALIAN SUGAR PRODUCTION

Australian sugar cane production is forecast at slightly lower levels as the damage from Cyclone Larry is expected to have reduced production by 100,000 – 200,000 MT. Projected exports for 2006/07 are also forecast at below average levels and represent a significant decline from the previous year, despite improved export prices. It should be noted that it remains too soon to determine the exact level of damage from the cyclone. Industry sources remain hopeful that much of the damage to mills will be repaired by the beginning of harvest. Also, some areas that were not affected by the cyclone received well-timed rainfall as a result and are expected to see above average production in 2006/07. (For further information see GAIN Report AS 6023)

NEW PROTOCOLS OPEN DOORS FOR EXPORTS TO CHINA

On April 3, Australia signed two new quarantine protocols for the export of Australian citrus and deer products. The Chinese market for citrus is valued at \$A50 million and trade of oranges, mandarins, and lemons could begin this season. The deer protocol formalizes exports of venison and velvet to China, a market that has been identified as having future growth potential. A protocol extending the current export arrangements for wheat and barley for three years has also been signed. Australian exports of wheat and barely to China are valued at about \$A350 million. Australia is the largest supplier of malting barley to China, and the third largest supplier of wheat. Progress has also been made on approving 45 meat-processing facilities for shipping beef, sheep and goat meat to China. Efforts are continuing to gain access to China's tripe market. (Source: April 3 Media Release, DAFF06/19A)

KIWIFRUIT, CITRUS, TABLE GRAPE EXPORTS TO TAIWAN SET TO RESUME

Minister for Agriculture, Fisheries and Forestry (DAFF) Peter McGauran welcomed news that Taiwan had reinstated a protocol for exports of Australian kiwifruit, citrus and table grapes. The market had been closed since January 1, when Taiwan's earlier protocol lapsed due to concerns over the Queensland fruit fly. McGauran indicated that Australia is continuing efforts to re-establish a protocol that fully reinstates the export of stone fruit to Taiwan. The Taiwanese market is valued at over \$A700 million for Australian horticultural exports. (Source: Media Release DAFF06/36PM)

JOIN THE USA PAVILION AT FINE FOOD 2006, MELBOURNE, SEPTEMBER 11-14

Do not miss Australia's largest food trade show, *Fine Food 2006*, in Melbourne, September 11-14, 2006. *Fine Food* attracts 30,000 'trade only' buyers and decision makers, including representatives of the food importing, distribution, retail, and catering industries. A large proportion of Australia's major food processors and importers actually exhibit at the show - an ideal opportunity to "walk" the show and meet potential buyers one-on-one. For U.S. companies interested in marketing their products in the Australian market, we believe that Fine Food is the one show you should be in to 'meet the Australian market.'

FAS/Canberra is organizing a USA Pavilion at Fine Food 2006. Contact Lindy Crothers at AgCanberra@usda.gov for further information. (For further information see GAIN Report AS 6005)

STRONG GROWTH PROJECTED IN SALTY SNACKS, MEAT SNACKS, BREAKFAST CEREALS

The average Australian spends about \$A30 per person each year on salty snacks and the category is growing. The salty snack grocery category is worth \$A680 million, and represents the largest segment of the snack food category. Category drivers include varying pack sizes, improved packaging, new flavor choices and growing consumer health awareness. Meat snacks are making steady inroads into the diets of Australian consumers, with the segment growing to \$12 million. One familiar brand is focusing on promoting its low-carb, 97 percent fat-free product. Breakfast cereal is one of the top three dry grocery segments in Australia and is known for its competitive intensity and innovation. The current consumer trend toward health and well-being means more people are making health conscious decisions, such as eating wholegrain breakfast cereals. (Source: RETAILWorld March 6-17, 2006)

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:
<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Report Number	Title of Report	Date
6001	Fresh Deciduous Fruit Annual	12/28/05
6002	Ag DownUnder, Issue 1	01/13/06
6003	Health Claims & Sugar Content of Fresh Fruit	01/24/06
6004	Livestock Semi Annual	02/08/06
6005	Fine Food 2006 Trade Show – Australia	01/27/06
6006	Ag DownUnder Vol. 2	01/27/06
6007	Comment Period for Proposed Health Claims Standard Extended	02/06/06
6008	Tree Nuts Annual	02/09/06
6009	Ag DownUnder Vol. 3	02/15/06
6010	Cotton Quarterly Update	02/24/06
6011	Comment Sought on Feasibility of Extending Country of Origin Labeling	02/28/06
6012	Biosecurity Australia Begins Assessment of U.S. Stone Fruit for Import	03/08/06
6013	The Corish Report: "Creating Our Future: Ag & Food Policy for the Next Generation"	03/08/06
6014	New Guide Available for Country of Origin Labeling	03/09/06
6015	AgDownunder Vol. 4	03/10/06
6016	Cyclone Larry Affects Sugar Industry	03/21/06
6017	Grain Annual	03/21/06
6018	Fortification of Cereal-Based Beverages	03/22/06
6019	Ag Down Under Vol 5	03/24/06
6020	Stone Fruit Annual	04/03/06
6021	AMP Mid-Year Review	04/12/06
6022	Grains Week Features 'Discussion Paper' Proposing Radical Changes to Single Desk	04/12/06
6023	Sugar Annual	04/13/06